

# **Transportation Financing in Washington State**

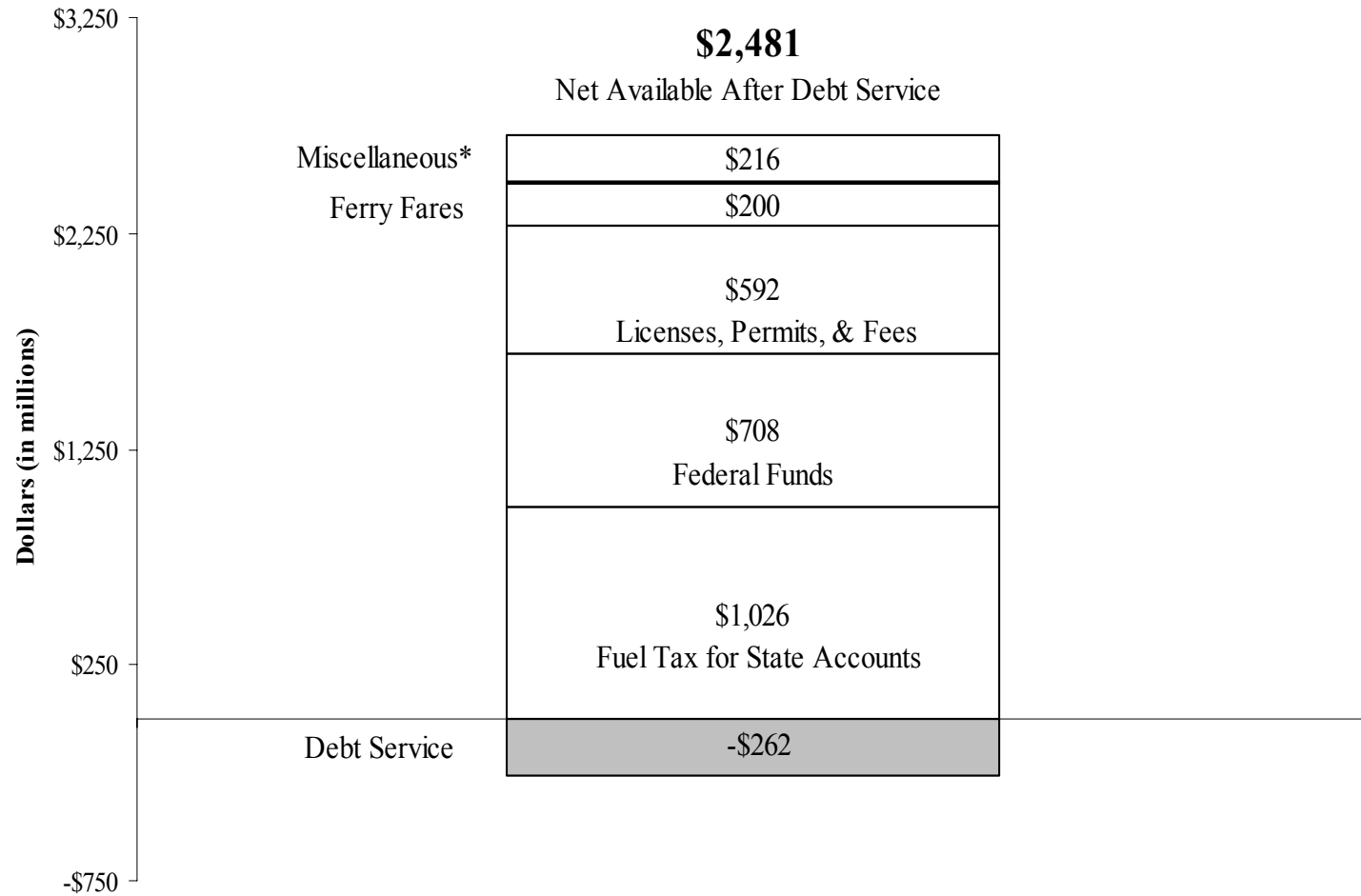
**Senator Mary Margaret Haugen  
Chairman, Senate Transportation Committee**



Prepared by Senate Transportation  
Committee Staff (786-7300)  
January 25, 2001

Available on-line at <http://stc.leg.wa.gov/>

## Total Recurring Revenue Available in 2001-03



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	Revenue (in millions)	Percent of Revenue
<b>Fuel Tax for State Appropriation</b>	<b>\$1,026</b>	<b>37.4%</b>
<b>Federal Funds</b>	<b>\$708</b>	<b>25.8%</b>
<b><u>Licenses, Permits, &amp; Fees</u></b>	<b><u>\$592</u></b>	<b><u>21.6%</u></b>
<i>Group 1 Vehicles (\$30 tabs)</i>	<i>\$240</i>	<i>8.8%</i>
<i>Group 2 Vehicles (Gross Weight)</i>	<i>\$283</i>	<i>10.3%</i>
<i>Other LPF's</i>	<i>\$69</i>	<i>2.5%</i>
<b>Ferry Fares</b>	<b>\$200</b>	<b>7.3%</b>
<b>Other*</b>	<b>\$216</b>	<b>7.9%</b>
<b><i>Total Revenues Before Debt Service</i></b>	<b><i>\$2,742</i></b>	<b><i>100%</i></b>
<i>Debt Service</i>	<i>-\$262</i>	
<b>Available Revenues After Debt Service</b>	<b>\$2,481</b>	

## Summary of Transportation Agencies, Accounts, and Fees

<b>Total Number of Transportation Fees/Taxes:</b>	<b>60</b>
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<b>Total Number of Transportation Accounts:</b>	<b>41</b>
<b>Number of Appropriated Accounts:</b>	<b>32</b>
<b>Appropriated Accounts w/ Revenues:</b>	<b>26</b>



<b>Number of Agencies/Commissions Receiving Transportation Funds:</b>	<b>18</b>
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# **Restricted Revenues**

## **18<sup>th</sup> Amendment to the Washington State Constitution:**

- Restricts vehicle license fees and excise taxes on fuel to highway related purposes.
- Exempts driver license fees, excise taxes on vehicles in lieu of property taxes, and fees for certificates of ownership.

## Fuel Tax Rates Since 1921

1921-	1 cent
1924 -	2 cents
1929 -	3 cents
1931 -	4 cents
1933 -	5 cents
1949 -	6.5 cents
1961 -	7.5 cents
1967 -	9 cents

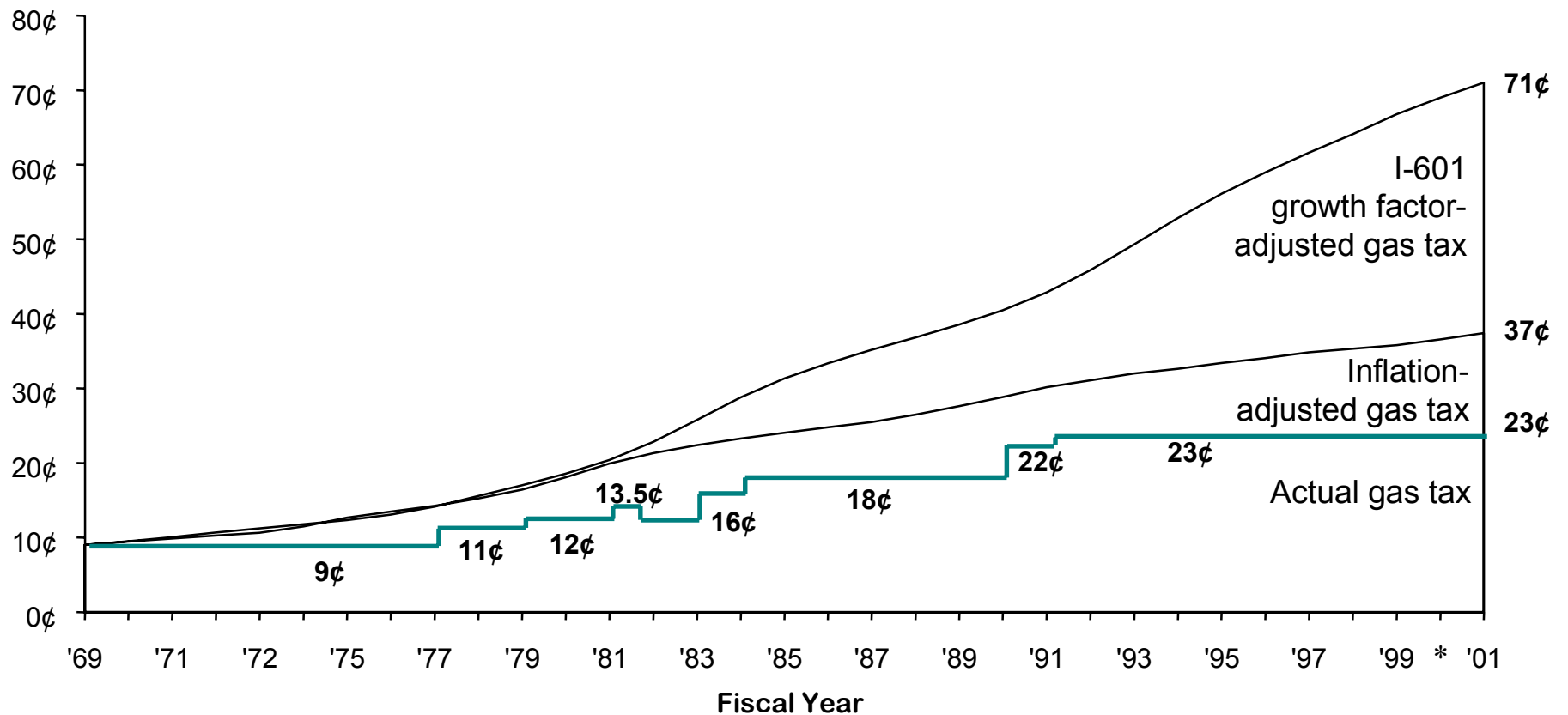
1977-	11 cents	(variable)
1979 -	12 cents	(variable)
1981 -	13.5 cents	(variable)*
1983 -	16 cents	
1984 -	18 cents	
1990 -	22 cents	
1991 -	23 cents	

\* Enacted at 13.5 cents and fell to 12 cents after six months.

# Major Tax Revenues • 1970-1999



# State Gas Tax vs. Inflation and Growth



\* If adjusted to the I-601 fiscal growth factor the gas tax in 2000 would be 69¢, and if adjusted for inflation would equal 37¢.



# Fuel Tax Exemptions and Diversions

(1999-01 Estimates)

	Amount (in Millions)	Percentage of Grand Total
<b>Exemptions</b>		
Losses sustained in Handling	\$3.08	0.31%
Imported/Exported Fuel	\$790.98	79.36%
Sales to Military	\$0.18	0.02%
Foreign Governments	\$0.01	0.00%
Urban Transportation Systems	\$6.31	0.63%
Non-Highway Uses of Fuel	\$2.84	0.28%
Transportation, Elderly & Handicapped	\$0.89	0.09%
Refunds for Exported Gasoline	\$2.20	0.22%
Marine Uses	\$0.74	0.07%
Special Fuel Tax Exemptions	\$24.05	2.41%
Logging and Road Construction	\$0.02	0.00%
Crop Dusting	\$0.20	0.02%
Commercial and Other Aircraft	\$63.38	6.36%
Imported and Exported Aircraft Fuel	\$41.24	4.14%
Aircraft Fuel for Federal Govt.	<u>\$19.41</u>	<u>1.95%</u>
<b>Total Exemptions</b>	<b>\$955.54</b>	<b>95.87%</b>
<b>Diversions and Other Losses</b>		
Off-Road and Non-Highway (Unclaimed Refunds)	\$9.40	0.94%
Marine Fuel (Unclaimed Refunds)	\$10.40	1.04%
Snowmobiles (Unclaimed Refunds)	\$1.70	0.17%
Capron Act (island counties)	\$13.00	1.30%
County Road Levy Diversions	\$1.00	0.10%
Interest Earnings to GF	\$3.90	0.39%
Sales Tax on Ferry Fuel	<u>\$1.80</u>	<u>0.18%</u>
<b>Total Diversions and Other Losses</b>	<b>\$41.20</b>	<b>4.13%</b>
<b>Grand Total All Exemptions and Diversions</b>	<b>\$996.74</b>	<b>100.00%</b>

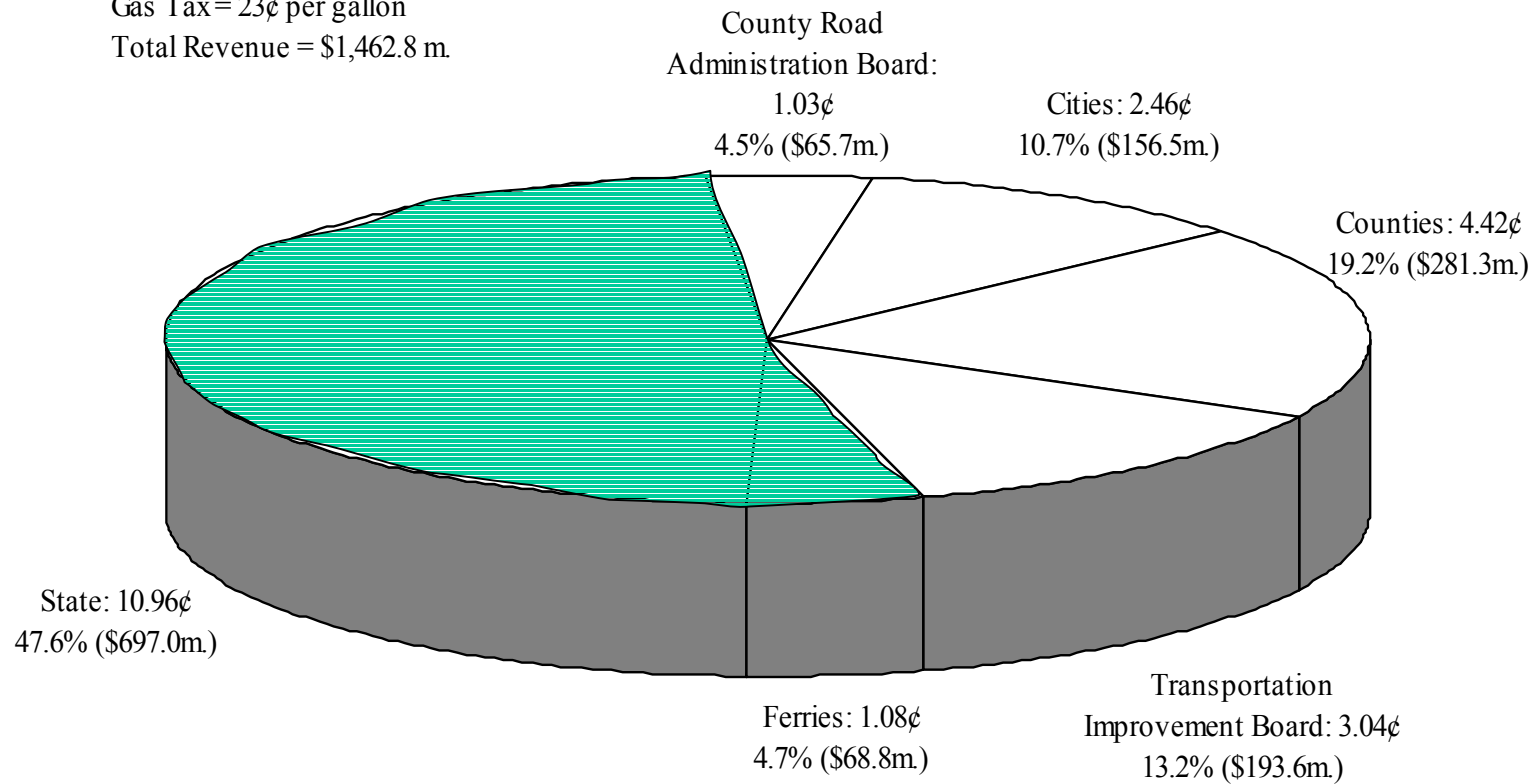
# Gas Tax Revenue Distribution

(Restricted by the 18th Amendment)

2001-03 Biennium

Gas Tax = 23¢ per gallon

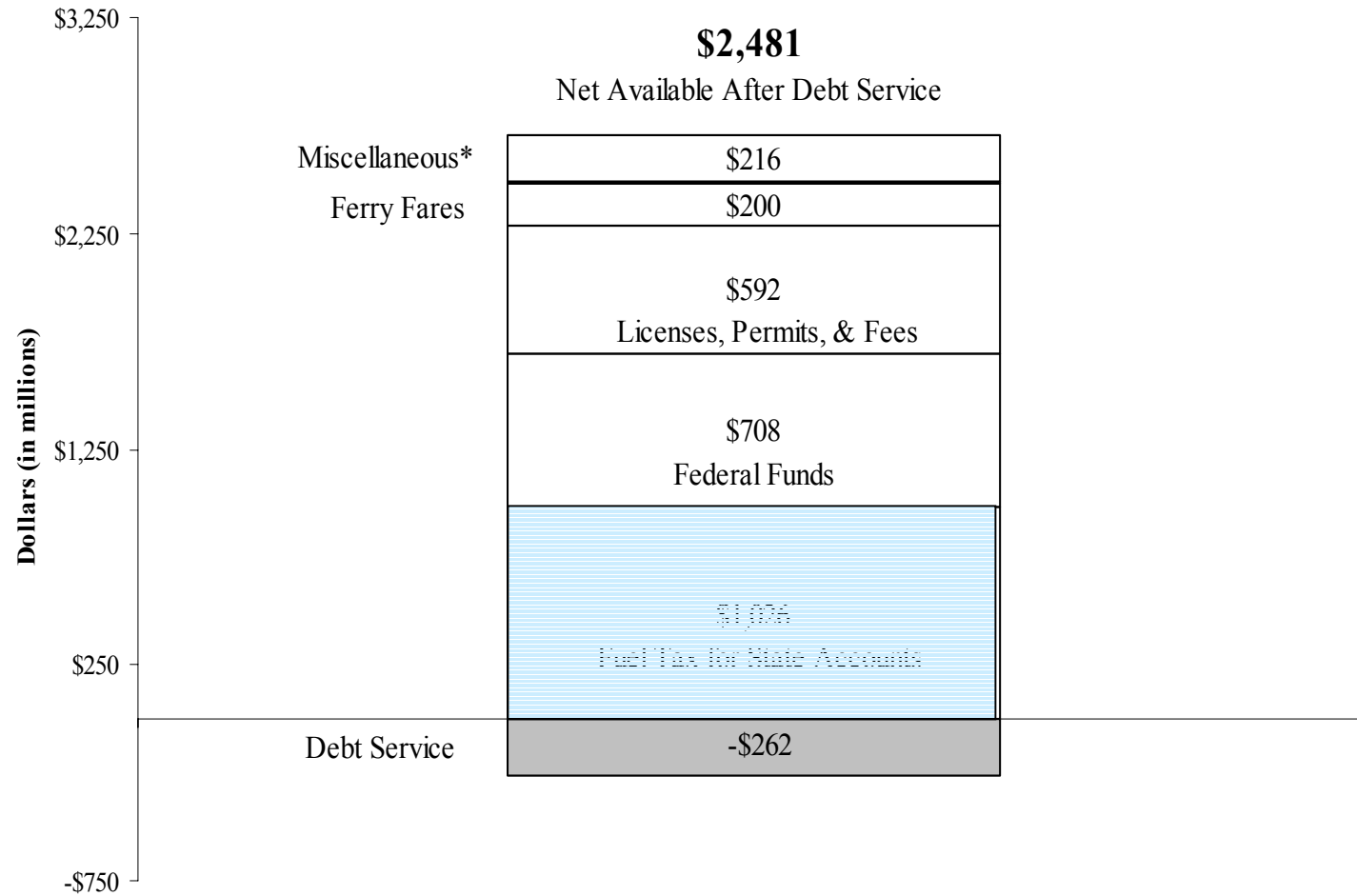
Total Revenue = \$1,462.8 m.



Based on November 2000 revenue forecast.

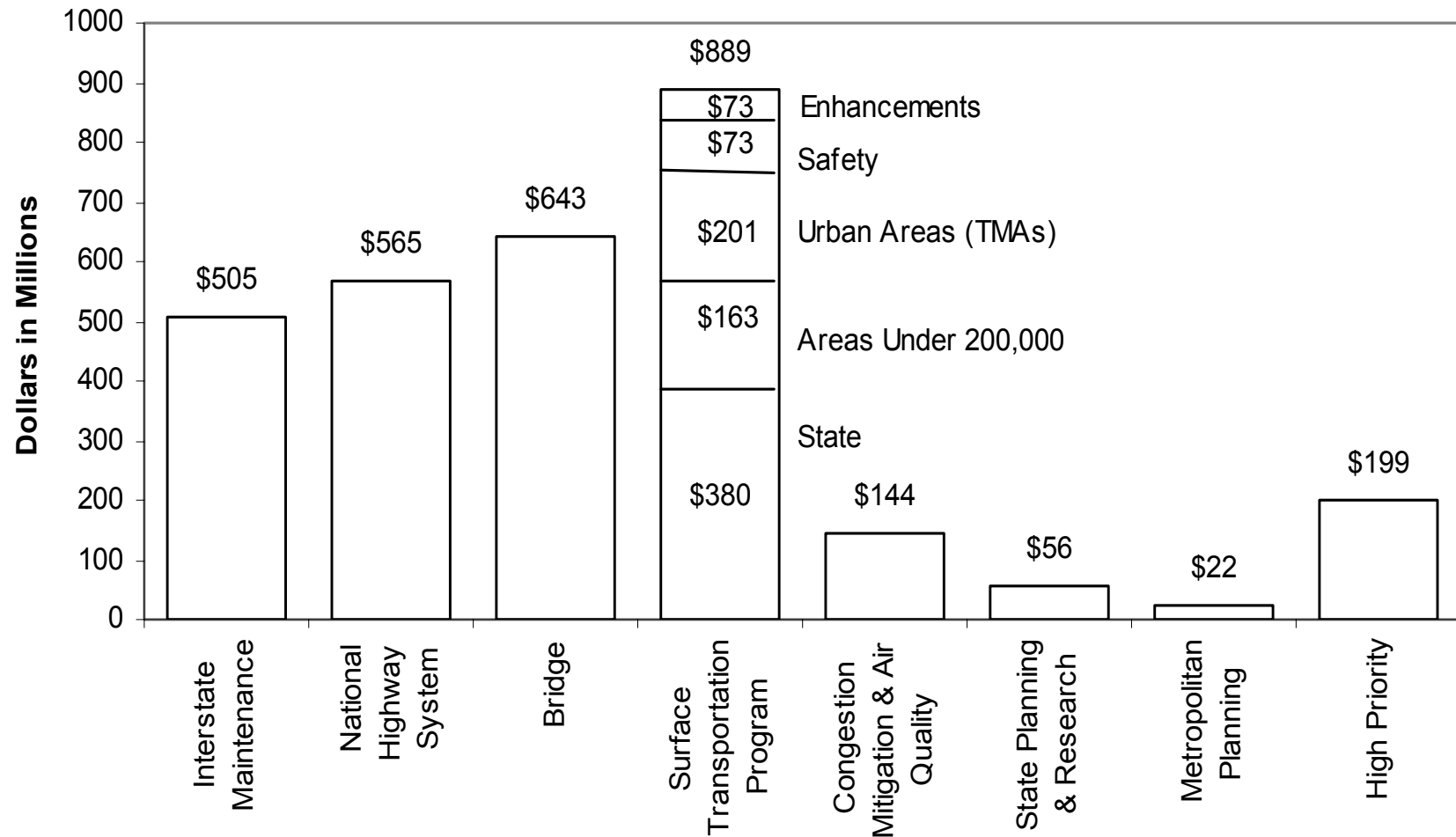
Components may not add to totals due to rounding

## Total Recurring Revenue Available in 2001-03

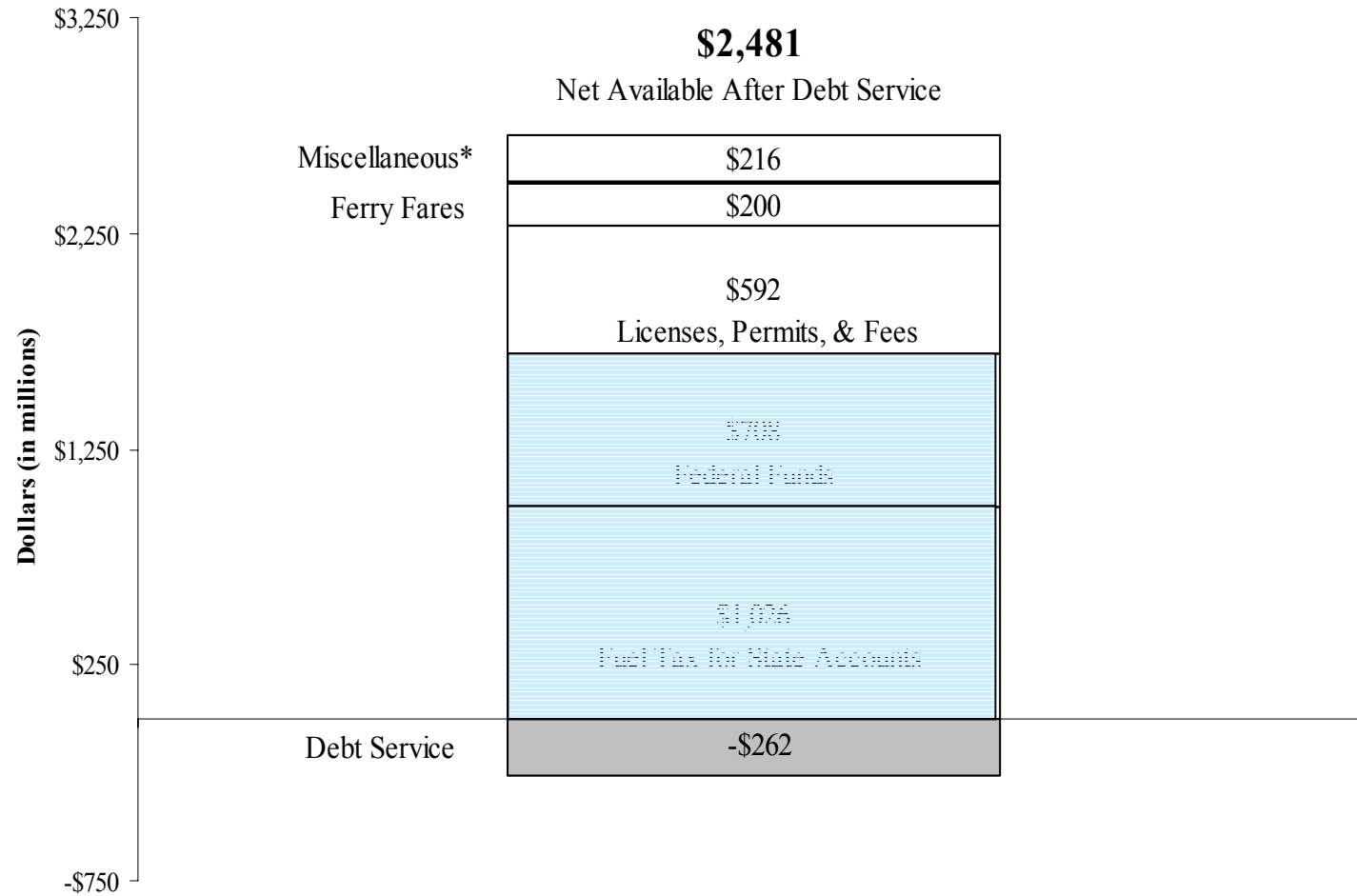


# Federal Highway Programs

(Transportation Equity Act for the 21<sup>st</sup> Century) 1997-2003



## Total Recurring Revenue Available in 2001-03



# Motor Vehicle Registration Fee History

(Restricted by the 18<sup>th</sup> Amendment)

1915 -	\$7.50
1917 -	\$10.00
1919 -	\$10.00
1931 -	\$3.00
1949 -	\$5.00
1957 -	\$6.50
1961 -	\$6.90
1965 -	\$8.00
1969 -	\$9.40

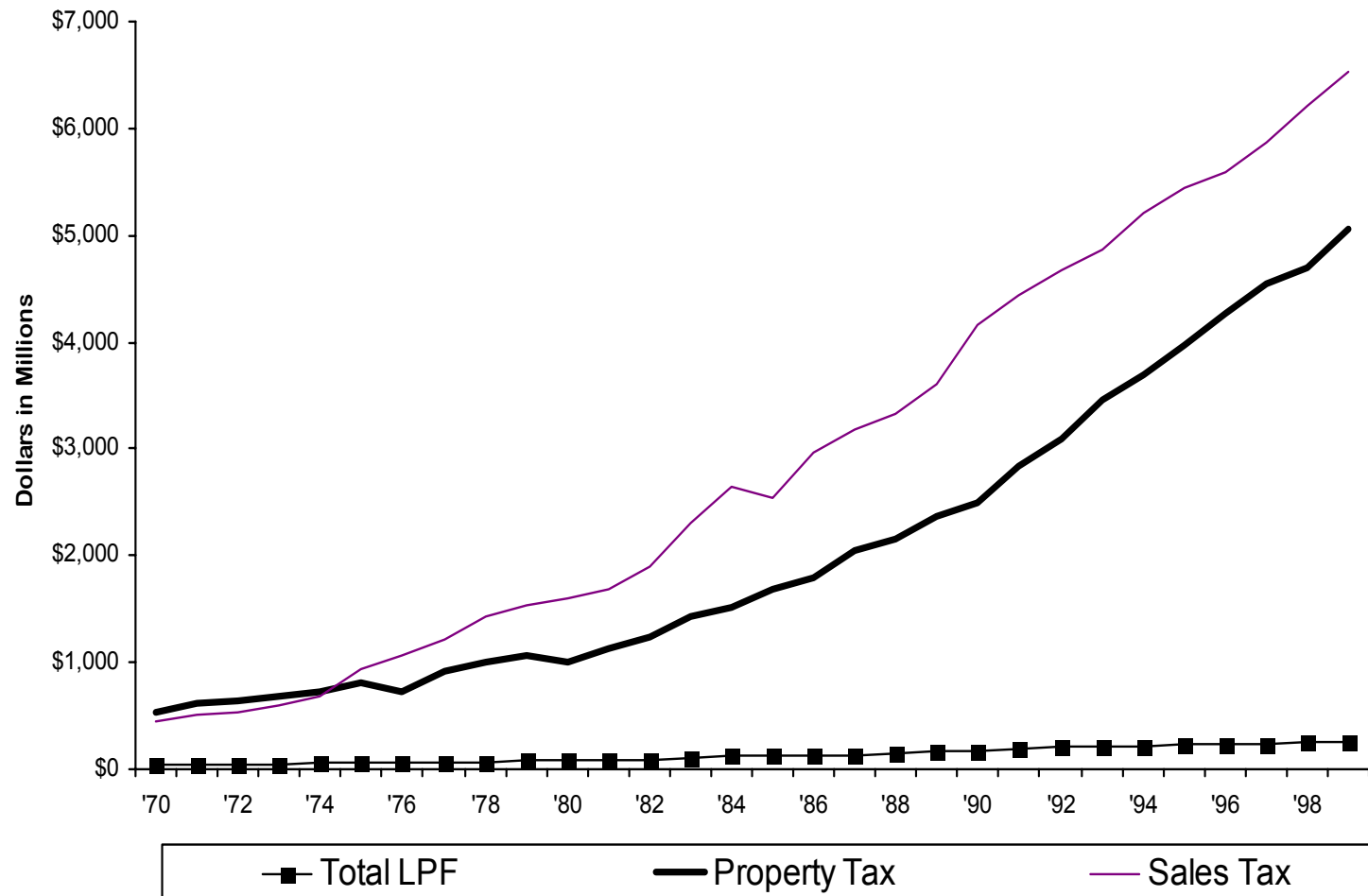
1975 -	\$13.40	New
	\$9.40	Renewal
1982 -	\$23.00	New
	\$19.00	Renewal
1989 -	\$27.75	New
	\$23.75	Renewal
2000 -	\$30.00	New
	\$30.00	Renewal

# Combined Licensing Fees History

## (Restricted by the 18<sup>th</sup> Amendment)

Year	Truck Weights	Sample Fees	
		30,000 lbs	80,000 lbs
1937	30,000 +	\$253.00	N/A
1947	4,000 to 36,000	\$229.00	N/A
1949	6,000 to 36,000	\$275.00	N/A
1955	4,000 to 36,000	\$290.00	N/A
1957	4,000 to 36,000	\$291.50	N/A
1961	4,000 to 36,000	\$311.90	N/A
1967	4,000 to 72,000	\$178.50	N/A
1969	4,000 to 72,000	\$188.40	N/A
1976	4,000 to 80,000	\$192.40	\$936.40
1987	4,000 to 80,000	\$182.18	\$1,085.95
1988	4,000 to 80,000	\$182.18 + \$4.75 surcharge	\$1,085.95 + \$4.75 surcharge
1990	4,000 to 80,000	\$253.00	\$1,518.00
1994	4,000 to 105,500	\$253.00	\$1,608.00

# Major Tax Revenues • 1970-1999



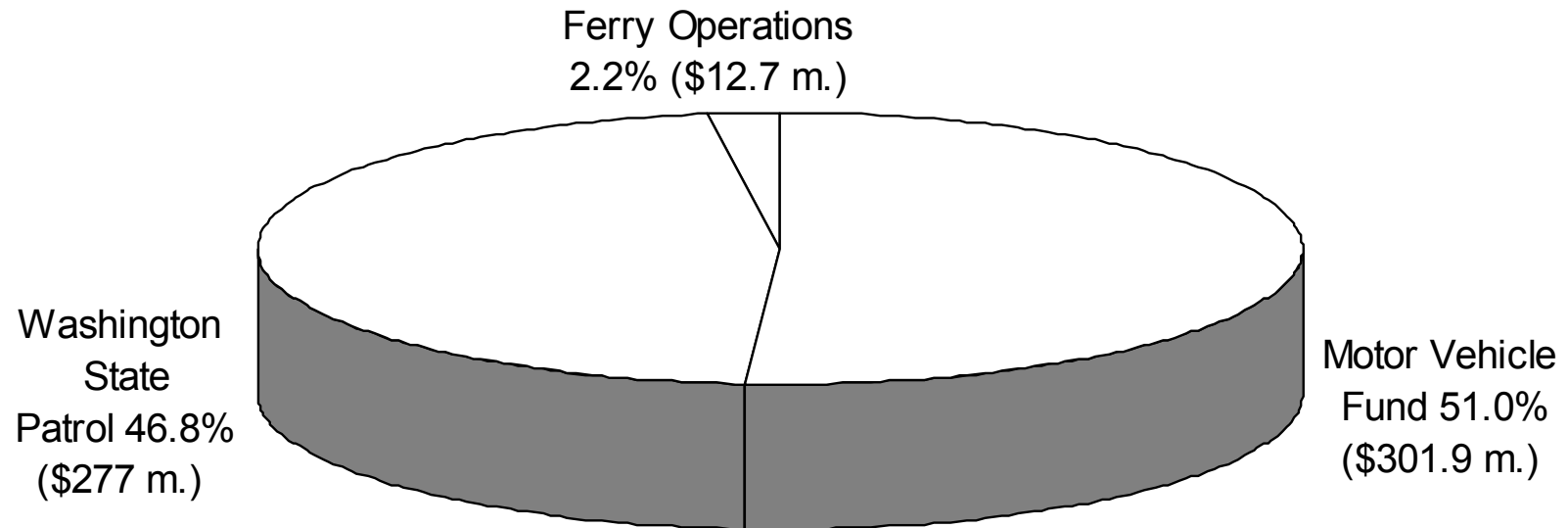


# Vehicle Licenses, Permits and Fees

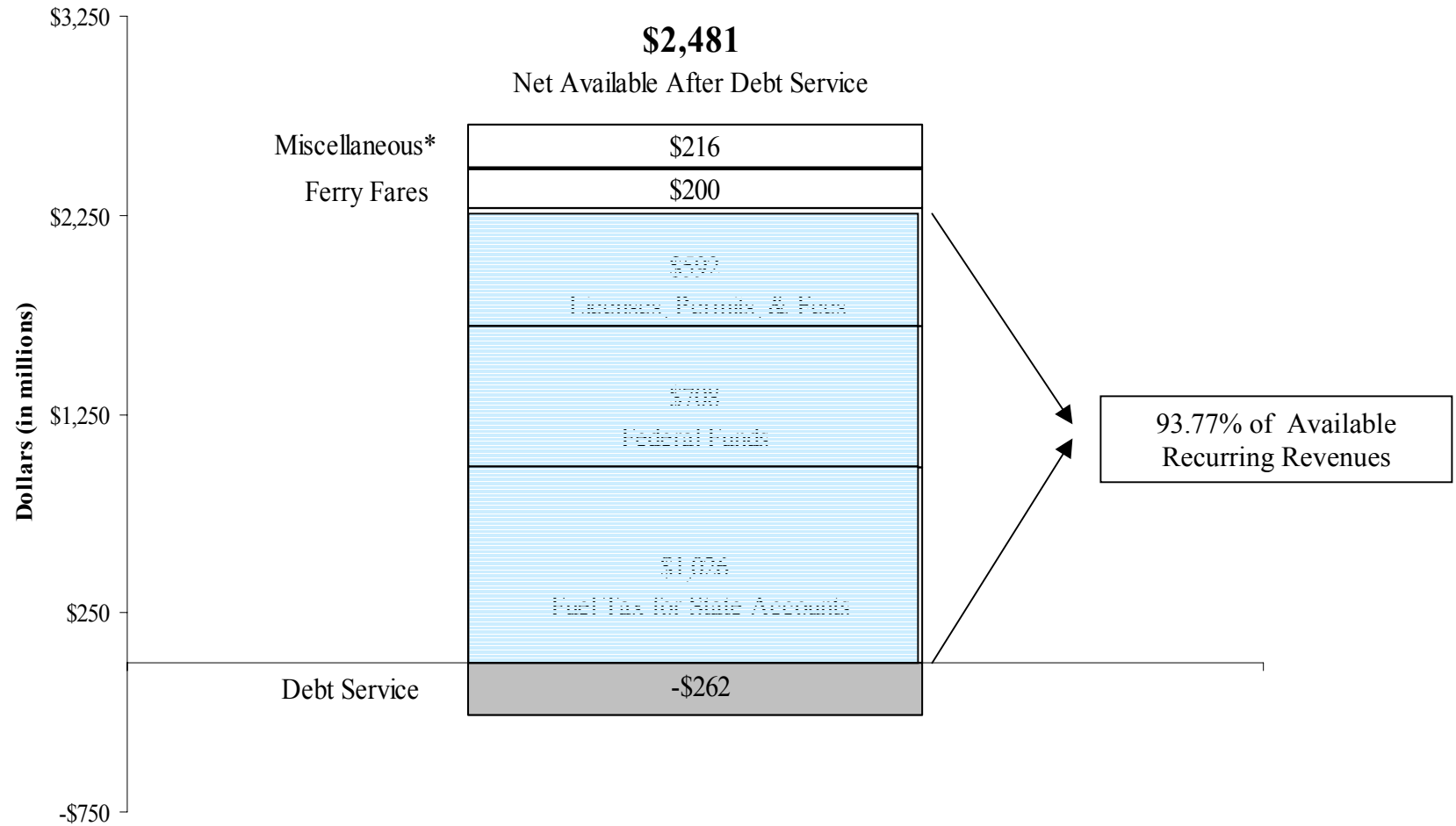
## Revenue Distribution (Restricted by the 18th Amendment)

2001-03 Biennium

Total Revenue = \$591.7 m.



## Total Recurring Revenue Available in 2001-03



# Transportation Bonding

- Debt limit of 9% on general state revenues (Article VIII. Sect. 1 of the Washington State Constitution).
- Debt limit of 7% on general state revenues (RCW 39.42.060).
- No debt limit for Transportation bonds. Transportation bonds are backed by fuel taxes which are not considered “general state revenues” but rather a tax for a specific purpose (Article VIII. Sect. 1 of the Washington State Constitution).
- A pledge of the full faith, credit, and taxing power of the state to guarantee the payment of any obligation payable from license fees and/or excise taxes on motor vehicle fuel (RCW 39.42.080).

# Transportation Bonding: A Cheat Sheet

- Every \$100 million in bonds requires \$8.2 million in annual debt service
  - The bond to debt service ratio is approximately 12 – 1
- One cent of fuel tax generates \$31.8 million annually
- Approximately one cent of fuel tax is needed to pay the debt service on \$400 million in bonds
- For every \$100 million bonded, actual principal and interest payments over 25 years will exceed \$200 million
- There is \$1.86 billion in remaining bond authority under current bond authorizations (primarily from R-49 authorization)

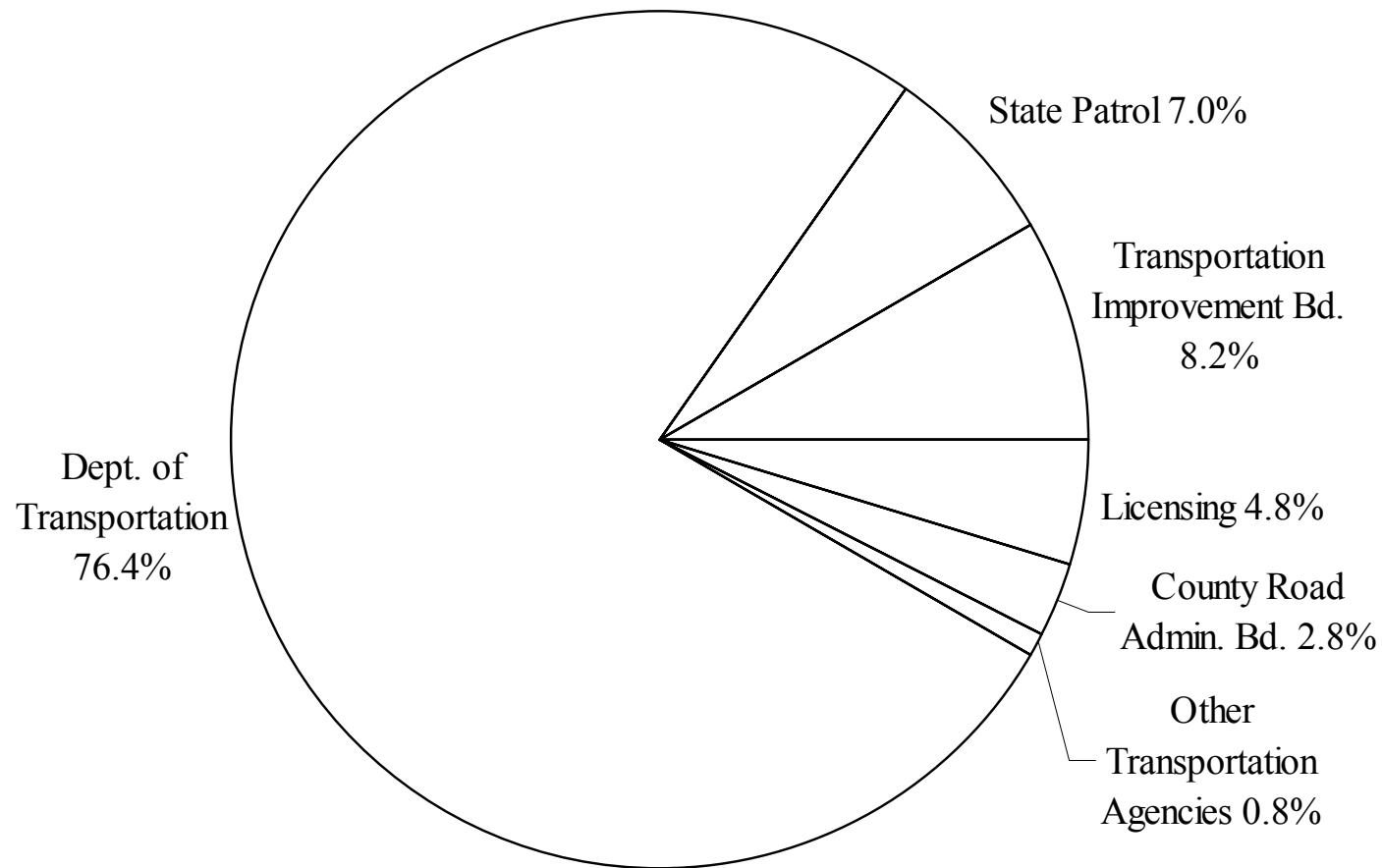
# Agencies Receiving Transportation Funds

## 18 State Agencies and Commissions Receive Transportation Funds

- Department of Transportation
- Transportation Improvement Board
- Washington State Patrol
- Department of Licensing
- County Road Administration Board
- Washington Traffic Safety Commission
- Transportation Commission
- Freight Mobility Strategic Investment Board
- Board of Pilotage Commissioners
- Marine Employees Commission
- Utilities and Transportation Commission
- State Parks and Recreation Commission
- Six other agencies/commissions

# Agencies Receiving Transportation Funds

(1999-01 Estimate)



# Transportation Funds and Accounts

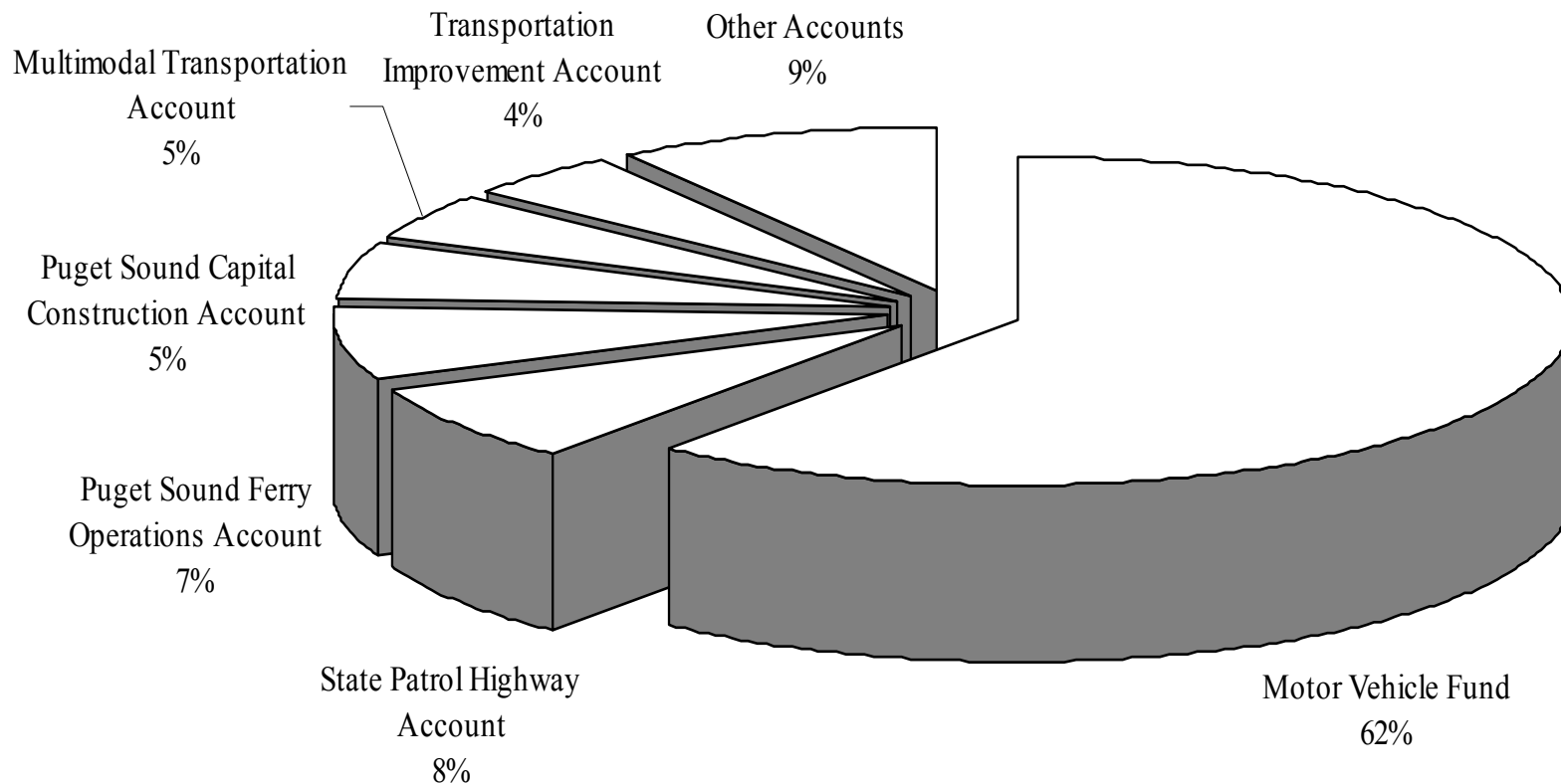
- There are 41 transportation accounts
- Of those 41 accounts, 32 are appropriated
- Of those 32 appropriated accounts, 26 accounts receive current revenues

## Accounts “Defunded” in FY 2000, following I-695 (RCW 46.16.062)

- Transportation Account
- Licensing Services Account
- High Capacity Transportation Account
- Public Transportation Systems Account
- Air Pollution Control Account
- Passenger Ferry Account

# Major Transportation Accounts

(1999-01 Estimate)





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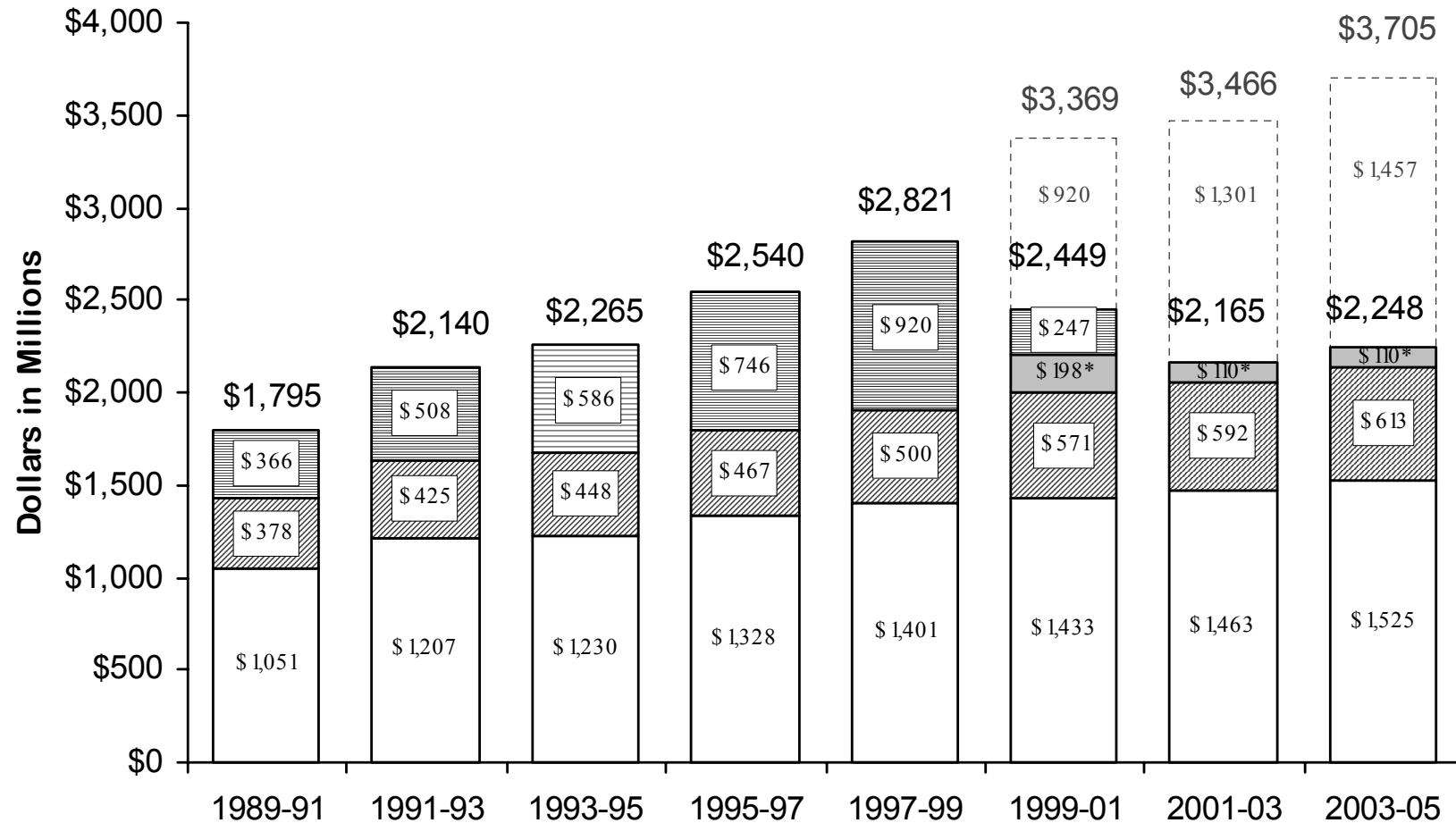


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# Major Sources of State Transportation Revenue



□ Fuel Tax (Net for Distribution)\*\*

▣ Motor Vehicle Licenses, Permits, and Fees

▤ Transportation-Related General Fund Support

▥ Transportation-Related MVET (including effects of I-695)

▦ Transportation-Related MVET Revenue Lost Due to I-695

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